INDIANA COMMISSION ON MENTAL HEALTH

Legislative Services Agency
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MEETING MINUTES

Meeting Date: June 19, 1998
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St., Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Rep. Susan Crosby, Chairperson; Rep. Gloria Goeglein; Sen. Steven Johnson; Sen. Cleo Washington; Robert Bonner; Dr. David Giles; Jerri Lerch; Janet Marich; Judith Tilton.

Members Absent: Candace Backer; John Huber; Galen Goode; Gloria Kardee; Amelia Cook Lurvey; Judge Stephen Spindler.

Representative Susan Crosby (Chairman) called the meeting to order at 10:10 a.m. The Indiana Commission on Mental Health (Commission) discussed possible locations for future meetings. The Chairman began to hear testimony.

Arthur Schut
National Coalition of State Alcohol and Drug Treatment Program Associations

Mr. Schut distributed several documents containing detailed information concerning his

remarks[1]. His address to the Commission included the following information:

- Of all substance abuse problems, over 70% are alcohol related.
- 70% of the adult population drinks alcohol; 10% of those who drink are alcoholic; 27% of people who are the legal drinking age consume 93% of the alcohol.
- One in three Americans say alcohol is the "cause of trouble" in their immediate family.
- 75-80% of individuals in penal institutions have a history of substance abuse.
- 11% of deaths in the United States are caused by alcohol related diseases.
- Substance abuse workers compared to non-abusing workers:
    - Are 5 times more likely to file a workers compensation claim.
    - Are 3.6 times more likely to be involved in on-the job accidents.
    - Are late to work 3 times as often.
    - Are more likely to steal company property.
- Various studies on substance abuse treatment have found the following:
    - Monthly medical bills from persons who received treatment dropped from $398 per month to $251 per month within a year.
    - Hospitalizations decreased by 5% in the first six months following treatment, producing a $22 million annual health care savings.
    - Longer treatment duration (i.e. four months) was associated with larger reductions in health care utilization.
- California found for every dollar spent on substance abuse treatment the state saved over six times that amount in crime and health care expenses that year.
- Providing drug and alcohol treatment services on par with services for other physical illnesses will decrease health care costs for employers.

While answering questions from the Commission, Mr. Schut made the following points:

- The U.S. Department of Human Services calculated that parity for mental health and substance abuse would increase insurance premiums by 3.6% (3.4% for mental health; .2% for substance abuse). These figures did not calculate any offset for savings, just the cost.
- The success rate of substance abuse relates to how well the person was before they developed a problem with a substance. There is not much information concerning success rates for children with substance abuse problems.

Janet Corson
Acting Director, Division of Mental Health

Ms. Corson distributed a memo and letter[2] concerning changes to the *Actuarial Needs*

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[1] These documents are on file in the Legislation Information Center, Room 230, Statehouse, Indianapolis, Indiana. The telephone number of the Legislative Information Center is (317) 232-9856, and the mailing address is 200 W. Washington St., Suite 301, Indianapolis, Indiana 46204-2789.

[2] These documents are available at the Legislative Information Center (see footnote #1).

Assessment for FY 99 Provider Contracts report. Ms. Corson explained to the Commission that study the found a greater proportion of people fall into low functioning categories. The proposed Mercer reimbursement rates decrease in all but one category, but the average reimbursement rate will stay the same.

Sue Roberson
Indiana Department of Personnel

Ms. Roberson stated that the Department of Personnel has not implemented mental health insurance parity for state employees because the current health contracts do not expire until June 30, 2000. Documents showing the benefits under current health plans were distributed to Commission members.[3] Later this year, the Department of Personnel will conduct meetings to work out the specifics of the benefits packages.

Legislative Commission members explained to the Department that the intent of Indiana's mental health parity bill (HEA 1400-1997) was: (1) To treat mental illness the same as other physical illnesses within the health plan. This does not mean that all health plans must treat mental illness the same, rather within a particular plan mental illness is treated the same. (2) To use state employees as a control group to determine the cost and benefits of providing mental health parity.

Stephen C. McCaffrey
President, Mental Health Association of Indiana

Mr. McCaffrey stated that to achieve full mental health parity five components in health plans must be equal for physical and mental illnesses: (1) Annual limits. (2) Lifetime limits. (3) Copayments. (4) Inpatient days. (5) Outpatient visits. Mr. McCaffrey explained that the state mental health parity law language mirrors the federal law. However, full mental health parity was added for state employees. Federal regulations now provide more clarity on the federal parity law (e.g. a claim to opt out of the law because premiums would increase by more than 1% must be based on six months of actual data not just projections). The Mental Health Association of Indiana supports state legislation to require full mental health parity and full parity in the new CHIP program bill.

Beth A. Karnes-McCaffrey
Chief Financial Officer, Indiana Mental Health Memorial Foundation

Ms. Karnes distributed the executive summary from a report entitled *The Costs and Effects of Parity for Mental Health and Substance Abuse Insurance Benefits*.[4] Key

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[3] These documents are on file at the Legislative Information Center (see footnote #1).

[4] This document is on file at the Legislative Information Center (see footnote #1). The full text of this report is available from the U.S. Department of Health and Human Services, Substance Abuse and Mental Health

findings from the report included the following:

- Most state parity laws are limited in scope or application.
- State parity laws have had a small effect on premiums.
- Employers have not attempted to avoid parity laws by becoming self-insured and employers do not tend to pass on the costs of parity to employees.
- Costs have not shifted from the public to the private sector.
- Previous actuarial predictions of premium increases due to mental health and substance abuse parity ranged from 3.2% to 11.4%. Based on an updated actuarial model, full parity is estimated to increase premiums by about 3.4%.

The report was a conservative analysis of costs. The costs were the estimated costs at the initial year of implementation - these costs were not offset by the savings parity would generate. Last year's CHIP program legislation provided for a one year expansion of Medicaid. Ms. Karnes recommended that mental health parity be included again in the CHIPS bill when the topic is revisited. Mental health treatment is much more effective the earlier a child receives services.

William A. Engle, M.D.
President, Indiana Chapter, American Academy of Pediatrics

Dr. Engle's presentation to the Commission included the following information:

- The Indiana Chapter of the American Academy of Pediatrics represents 687 pediatricians in Indiana.
- Between 12% and 30% of children in the United States suffer from a psychosocial problem that may impede their functioning and development.
- In 1992, 59% of office visits to pediatricians by children between 6 and 12 years old were for mental health disorders.
- During the past 10 years, the number of children diagnosed with a mental disorder has doubled.
- Mental health services are limited in Indiana. In Marion County in 1997 there were only two parent support/education programs for children and adolescents. Both programs had high enrollment levels.
- Third party payers frequently impose severe limits or fail to provide reimbursement for mental health services. Pediatricians report seeing children for mental health services after an inpatient hospitalization because financial resources were not available for a follow-up.

Larry Barnhill
President, Indiana Psychological Association

Mr. Barnhill distributed several documents concerning the cost savings associated with

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Services Administration, DHHS Publication #(SMA)98-3205, March 1998.

substance abuse treatment.[5] The reported findings include the following:

- Rutgers University found alcoholics and their families use two to three times more health services than comparable families. The cost benefit from treatment saves $2 to $10 for every $1 spent on treatment.
- The medical cost offset of providing substance abuse treatment is dramatic and immediate - cutting medical costs in half.
- California found that by spending $209 million on substance abuse treatment for 150,000 people the state saved $1.4 billion in health care and crime costs.
- In Minnesota, after implementing mental health parity, Blue Cross reduced its premium costs, though not all of the reduction can be related to mental health parity.

George Brenner
Indiana Council of Community Mental Health Centers

Mr. Brenner has worked in the area of mental health and addictions for 25 years. Approximately 40-60% of the individuals who have a mental illness will also suffer from an addiction. This rate is higher for mentally ill individuals who need inpatient treatment. Mr. Brenner suggested that mental health parity be extended to include addictions. The primary problem associated with addictions treatment is relapse. Reoccurrence of addiction problems in 50% of the patients is due to a lack of compliance with medical treatment. About 50% of addictions medical patients lie about their compliance with medical treatment. Other major factors in predicting addictions reoccurrence include: socioeconomic factors; lack of family support; and psychiatric comorbidity. The disease management model has been effective in providing long term success in treating chemical dependency. Longer treatment programs (i.e. those lasting 3-6 months) are much more successful than shorter programs. One year after treatment the patients have demonstrated a reduction in involvement in various key areas (e.g. arrest rates, drug use). Mr. Brenner distributed to Commission members *Drug Abuse Treatment Outcome Study: Highlights* and *The National Treatment Improvement Evaluation Study: Highlights*.[6]

Jim Jones
Indiana Council of Community Mental Health Centers

Mr. Jones stated that the statistics speak for themselves on the need to have insurance parity for substance abuse. Mr. Jones remarked that another problem that needs attention is funding for the acutely mentally ill. Community mental health centers do not receive public funds for acutely mentally ill individuals who have an income over 200% of the poverty level. The community mental health centers have acted as a

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[5] These documents are on file at the Legislative Information Center (see footnote #1).

[6] These documents are on file at the Legislative Information Center (see footnote #1).

safety net for these individuals in the past but because of a lack of funds they will not be able to provide these individuals care in the future. The state needs to create a program to help these individuals in the future.

Jane Novak
Ft. Wayne Alliance for the Mentally Ill

Ms. Novak has a 24 year old son who is diagnosed with schizophrenia. In 1974 the health insurance cap for mental health benefits was $250,000 - by 1998 the cap has been reduced to $50,000. Her son has not been hospitalized in 12 years but he cannot get an individual health insurance policy. He has to reside with his parents or else he will be removed from the family policy. He is unable to obtain a policy through work because he is only able to work part-time. Ms. Novak stated that the Commission needs to improve on the parity legislation that was passed in Indiana. The law needs to be amended so that people with mental illness can purchase individual health insurance policies. Ms. Novak also noted that more children are being misdiagnosed (e.g. many attention deficit disorder diagnosis are really depression).

Rob Adams
Indiana Counseling Association

Mr. Adams stated that two-thirds of the members of the Indiana Counseling Association are school counselors. Mr. Adams has been in private practice as a counselor for the past ten years and worked in the mental health area for 20 years. Managed care companies are making it harder for people to receive adequate counseling. Many managed care companies cannot adequately answer their clients' questions concerning types of counseling that are covered and limits on benefits. A recurring problem with insurance and managed care companies is their inability to provide the counseling that is needed (e.g. only treating the diagnosed patient but not providing needed family therapy). Counselors can also help with anger management, though it is not a mental illness, before it becomes a criminal justice problem.

Natalie Siegal
National Association of Social Workers

Ms. Siegal works with families and couples in her private practice. It is becoming increasingly difficult to work with insurance companies. All families, not just the poor, need help paying for effective treatment. The sooner a family or couple begins to receive help for a problem, the less time and money they will have to spend to resolve the problem.

Lou Belch
Indiana Psychiatric Association

Mr. Belch distributed copies of *State of the States: Parity Laws* (April 1998)[7] to members of the Commission. Fourteen states have enacted some form of mental health parity law. In 1998, nearly 70 parity bills were carried in 29 states. The Indiana Psychiatric Association supports full mental health parity and mental health parity in the CHIPs program.

Victor Katz
Consumer, Bloomington, Indiana

Mr. Katz discussed his own experiences with mental health treatment. He has been diagnosed with schizo-disaffective disorder. He must see a psychologist and a therapist for his disorder. However, his insurance only allows 20 visits per year so he must split his time between them. This does not allow him emergency mental health care when needed. Mr. Katz stated that he is proof that psychiatric intervention can work, as he has earned a master's degree and will become a professor in the future.

Katherine Vaughn
Indiana Association of Marriage and Family Therapists

Ms. Vaughn stated that she agreed with previous statements on the need for full mental health parity. Insurance plans need to be drawn in a way to assure that the different types of capable therapists are available to provide treatment for adults and children. A growing issue concerns children who are caring for their elderly mentally ill parents. There is a great amount of stress associated with this care and not many supports for the children of elderly parents.

Commission members discussed the fact that insurance companies currently treat mental illness differently from other physical illnesses. These differences go beyond just the coverage of treatment (e.g. therapists must submit full treatment plans for each case to an insurance reviewer). The Commission also noted that parity will take place as the distinctions between mental illness and other physical illnesses are blurred.

The Chairman adjourned the meeting at 2:15 p.m.

[7] This document is on file at the Legislative Information Center (see footnote #1).